

THE FREE PRESS JOURNAL Financing India

MUMBAI | MONDAY | NOVEMBER 16, 2020 www.freepressjournal.in



Overview of Qatar and India

Gopal Balasubramaniam, Partner, Head of Audit, KPMG Qatar: Qatar is one of the richest countries in the world with a high per capita income. It is a star economy in the Middle East region, with a GDP of USD 183 billion in 2019. It has a consistent growth rate year on year.

It has a population of 2.8 million as per the 2020 census. In that, the Qatari population is 3.2 lakh which is about 11.5 per cent of total population. Qatar is one of the diverse countries with 87 nationalities in total residing in Qatar. Indians form 25 per cent of the total population in Qatar.

R Seetharaman, CEO, Doha Bank: India is a country of great opportunities. The brand equity India has enabled today, along with the decisive government and democratic dividend have worked in the favour of the country. Post-pandemic, India is at a great advantage. While advanced economies will be struggling to grow, India will witness a growth of around 8 per cent.

India-Qatar relationship

Deepak Mittal, Indian Ambassador to Qatar: India and Qatar relations are deep-rooted and historic. In 2023, India and Qatar will commemorate the 50th anniversary of establishment of diplomatic relations. But the relationship is much older.

Around 7 lakh Indians have made Qatar their homes — the backbone of a strong partnership between India and Qatar. The bilateral trade between both countries is strong — crossed over USD 11 billion in 2019-2020. It is skewed largely towards energy, which is dominating the trade.

We see a lot of synergy and complementarity in terms of vision that exists between both India and Qatar — be it India's Atmanirbhar Bharat or Qatar's Self Reliant programme.

Energy dynamics

Deepak Mittal: While energy dominates this relationship, efforts are undertaken to diversify (this commercial relationship).

Gopal Balasubramaniam: Around 60 per cent of Qatar's GDP and 80 per cent of its revenue is from oil

Qatar can be India's strategic partner for financing its Atmanirbhar programme

Qatar is looking at performing markets to park its investible surplus. India is looking at investments to fund its infrastructure-based growth. This sounds like an opportunity for both countries.

But along with opportunities come challenges. To understand both, **The Free Press Journal** and **SIES** in association with Invest India organised a webinar session 'Financing India — with focus on Qatar'.

The panellists for the session were (in alphabetical order) **Gopal Balasubramaniam**, Partner, Head of Audit, KPMG, Qatar; **Deepak Mittal**, Indian Ambassador to Qatar; and **R Seetharaman**, CEO, Doha Bank. The session was moderated by **R N Bhaskar** and the closing remarks were delivered by **Vaneeta Raney**, head of BMM department, SIES.

Given below are edited excerpts compiled by **Jescilia K**.

and gas. Qatar ranks third in the world for natural gas reserves, after Russia and Iran. It ranks 15th in the crude oil reserves. Around 900 cubic feet of natural gas are found in the North Field alone, which is the biggest single point natural gas reserve in the world. Due to this, Qatar was able to monetise its gas reserves much better and started on its LNG journey from the early 1990s. In Russia and Iran, the gas deposits are more scattered.

Qatar continued investing in gas exploration and liquefaction of gas into LNG and reached a production capacity of 77 million tonnes by 2007. By 2027, Qatar plans to expand its LNG capacity by another 50 million tonnes. This is a significant decision as Qatar believes that LNG has a part to play in the global energy space at least for the foreseeable future.

In 2017, Qatar revoked its 12-year ban on exploration and development of the North Field. In 2019, Qatar exited from OPEC after 60 years of membership in the forum. This move was to concentrate on increasing its global presence in the natural gas sector.

Gopal Balasubramaniam: India has been religiously investing in gas infrastructure to convert India into a gas-based economy. India has been targeting 50 per cent share of gas in the country's energy mix.

In the next 15-20 years, India's gas consumption will double or grow by 2.5 times by 2040.



Qatar's sovereign fund: India and other markets

R Seetharaman: There are global sovereign funds worth USD 6.6 trillion. Of that, 2.2 trillion lies in the Gulf. Qatar is managing around USD 300 billion worth of sovereign funds.

Gopal Balasubramaniam: Qatar Investment Authority (QIA), a sovereign wealth fund, is one of the best performing sovereign wealth funds (SWFs) in the world. Some of its investments include investments in Heathrow Airport, Volkswagen, Glencore, Barclays Bank, Sainsbury's, Credit Suisse, Rosneft, Shell among others.

Deepak Mittal: Over the last few years, QIA has looked at India in a more focused manner. Thus, making inroads into the technology and education sector.

QIA has great interest in healthcare, capital markets, technology, pharmaceuticals, among other sectors. It invests in projects which are mature and has less interest in greenfield and brownfield projects.

Gopal Balasubramaniam: 2019-2020 has been a good year for India as far as getting the attention of QIA is concerned. In 2019, QIA invested USD 150 million in Byju's and early 2020, it invested in Adani Transmission Limited.

Prior to that, investments have been sluggish into India. This was mainly due to some investments that did not do well.

QIA is planning to invest USD 1.5 billion in Reliance Jio. The talks are still on.

Financing India

Deepak Mittal: In terms of investments, the exposure of Qatar in

the Indian market is limited but it is increasing. Building synergy and partnership in the financing/investment side is a win-win proposition for both countries.

Gopal Balasubramaniam: In the next five-six years, India is expecting an investment of USD 120-150 billion.

Around 300 billion is expected in the next two decades' in the gas sector alone.

India has introduced a series of reforms in hydrocarbon exploration licensing policy.

In the case of refining technology, India is the fourth largest in the world, after the US, China and Russia. By 2030, it is expected to increase the capacity by further 75 per cent.

The hydrocarbon sector is not the only opportunity that is available in India. Through Atmanirbhar Bharat scheme, the government of India seeks investments to support manufacturing for not just domestic but global consumption as well.

Under this scheme, four key identified sectors are pharmaceutical, automobile, chemical and consumer electronics. Nearly close to USD 470 billion is targeted as investments under the Atmanirbhar programme.

Qatar is presently importing all these goods that India is looking at manufacturing under these sectors. So there is an opportunity for Qatar by being a strategic

partner and investing in these sectors.

Explore new avenues and scale existing ones

R Seetharaman: With the balance of payments tilting towards the Gulf, there should be a proposition to set up a GCC Development Bank or Gulf-India Development Bank. This will allow conversion of debt into equity. It can be set-up by investing maybe a mere paid-up capital of USD 500 billion. Every GCC country can contribute a portion to it. India needs trillions of dollars and this could be an option.

Most of these investors are sitting in huge liquidity piles and they need a destination. And, it is tilting towards fixed-income securities. Today financial markets are gambling grounds and that is on account of uncertainty. The foreseeable future of India is more of a sustainable value creation. Thus, there is a definite possibility to set-up a GCC Development Bank and channelise multi-trillion towards the priority sectors in India.

There is also a bigger opportunity of setting up a GCC NRI bank — funds can come from sovereign funds and NRI investors.

Deepak Mittal: The government of India has taken cognisance of the fact that there is a need for very clear exit measures to attract potential investors.

R Seetharaman: Moreover, India will have to link investments to project-based investments to attract investments. Post pandemic, there will be multiple Silicon Valleys coming up in India. This may be of interest for the Gulf.

Gopal Balasubramaniam: India can do much more in the case of marketing itself. Many reforms have taken place. If India creates awareness about it with the right authorities in Qatar, there can be newer opportunities.

To get the attention of QIA, the right level of dissemination of information is needed.

R Seetharaman: There is a need to ensure that trade and investments are linked. Thus, it is vital to have a clear case of project feasibility and exit strategy.